

Citizens Utilities Position

Issue: Can a Standard Offer customer own a meter?

Discussion

Citizens Utilities believes that Arizona's Standard Offer customers can not and should not own their electric meter. Arizona's current Electric Competition Rules do not currently support Standard Offer customers owning meters. Further, any Rules change that would allow this creates numerous questions and problems for utilities, service providers, and customers.

Current Electric Competition Rules:

The Rules define Standard Offer Service as "Bundled Service offered by the Affected Utility or UDC to all consumers in the AU's or UDC's service territory at regulated rates including metering..." Meter ownership is clearly a part of the regulated function of Metering Services, itself defined as a component of Standard Offer Service in R14-2-1606 C.2.a. Further, the Rule definitions require that "All components of Standard Offer Service shall be deemed noncompetitive as long as those components are provided in a bundled transaction..." It is Citizens' opinion that a fairly significant Rules revision would be required in order to allow S.O. customers to own their meters.

Logistics

Should it be determined that Standard Offer customers may own their meters, many questions would need to be answered and extensive modifications to existing business practices would be required. Because it hasn't been anticipated that under Standard Offer service some customers may own their meters, to successfully account for this variable will likely require significant modifications to existing systems. Further, the current AZ DASR process does not contemplate this practice and does not appear to provide a mechanism for it, thereby requiring additional modifications.

It may be necessary to redefine "metering" within current utility unbundled rates to properly reflect the meter component apart from other meter related functions. It may also require a utility to impose certain restrictions on, or charges to, customers returning to S.O. service, especially if the customer owns a meter that the company does not have the technical capability to support. The other alternative is that the UDC would be required to limit the selection of meters allowed on its system to those that the UDC *can* technically support. This limitation seemingly is in direct conflict with the Commission's intent to allow competitive forces to more readily apply emerging technologies in order to increase customer benefit.

Of major concern, is the overall issue that the meter is the “cash-register” for the utility service. Competitive customers will be served by a load-serving entity. The load serving entity will have an agreement with each UDC agreeing to take responsibility for certain metering errors. The Commission rules also provide for the liability in cases of meter errors. However, the rules do not provide for the customer as a responsible party for meter errors.

In summary, Citizens believes that it is not in the best interest to the developing markets in Arizona to allow Standard Offer customers or customers returning to Standard Offer service to own their metering at this time. If, however, it is determined by the Commission that this would be in Arizona’s best interest, Citizens recommends a very deliberate analysis of all the implications before a final determination is made.

ⁱ On the surface this is a simple question. Unfortunately, the concept of Standard Offer customers owning their own meters raises a number of difficult clarification questions, namely:

- Does this imply customers who have never left Standard Offer can own their own meters?
 - How would the current Electric Competition Rules need to be modified for the partial unbundling of bundled Standard Offer service?
 - How will UDC’s recover the significant software and hardware costs required to support multiple, non-uniform meter types?
 - Will UDC Standard Offer tariffs require modification to further unbundle the meter ownership component from unbundled Metering Services?
 - Would a customer returning from Direct Access to Standard Offer service be REQUIRED to own the meter if they had previously had a competitive meter?
 - If not, does the decision belong to the customer, ESP, or UDC?
 - How would the utility recover the costs for any technical upgrades required to operate, and maintain that meter?
 - If the meter had previously been owned by ESP or MSP would they be required to sell it if the customer so desired?
 - Would there need to be tariff limitations on the price ESP’s charged customers for meters and metering equipment?
 - Are instrument transformers included in this description of a meter?
 - What are the implications of a customer owning the meter but not the instrument transformers?
 - If customers can return to S.O. with their existing meter doesn’t this effectively limit the type of metering that can be used in Direct Access since the UDC would be required to support not only their own metering but any D.A. meters used in their territory?
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- Does the previous fact lead to UDC approved D.A. meter lists in each service territory?
 - If so, will there need to be a uniform list of D.A. meters across Arizona?
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